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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 001342

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EUR FOR ASSISTANT SECRETARY FRIED

E.O. 12958: DECL: 09/19/2016

TAGS: PREL PGOV EUN LY IZ BU

SUBJECT: YOUR MEETING WITH BULGARIAN FOREIGN MINISTER KALFIN

REF: A. SOFIA 968

1B. SOFIA 1230

Classified By: Ambassador John Beyrle, reasons 1.4(b) and (d).

11. (C) Your meeting with Foreign Minister Ivailo Kalfin in New York on September 20 comes just six days prior to the European Commission's final report on Bulgaria's readiness for accession. Much of official Bulgaria is holding its breath in anticipation of the report, which in turn will play into presidential elections on October 22. President Parvanov -- Kalfin's mentor -- seems likely to be the first Bulgarian president re-elected since the fall of communism, but a strong second-place showing by the extreme nationalist Ataka party could prove embarrassing for the country. The result is that Kalfin may be cautious about taking on any new commitments, seeing Brussels over one shoulder and the Bulgarian electorate over the other. Fortunately, Bulgaria is already on board in Iraq, Afghanistan, Lebanon, and the Balkans, and we are aware of no major decision points between now and the elections.

12. (C) The European Council will take its decision on Bulgaria and Romania's accession on October 20. Unexpectedly harsh conditions imposed by Brussels on Bulgaria's EU membership or an upset loss by Parvanov could destabilize the ruling three-party coalition, but otherwise we would expect the current government to survive for at least another year.

13. (C) With little more than three months to go before Bulgaria's hoped-for accession, the still-pending ratification of the accession treaty by Germany, France, Belgium, and Denmark adds to the sense of drama. Betting is now strongly in favor of accession on January 1, but the government worries that any safeguards imposed by Brussels will be perceived by the public as "second-class membership." We have advised the government to declare victory regardless.

14. (C) Since taking office a little more than a year ago, the government Kalfin represents has said "yes" to us on virtually every major foreign-policy issue (ref A). The signing of the Defense Cooperation Agreement by the Secretary in April, which you participated in, is a strong symbol for this government of our strategic partnership. They would like to build on this momentum, particularly by increasing bilateral trade and investment. Prime Minister Stanishev would also like (and we would strongly support) a White House meeting, but we have told him this will not happen in 2006.

15. (C) The one area where Bulgaria has traditionally lagged is in the fight against organized crime and corruption, but even here there are some recent positive signs. Since

replacing his notoriously corrupt predecessor in February, Chief Prosecutor Boris Velchev has begun removing or side-lining his predecessor's cronies in the Prosecution Service. This internal housecleaning is a slow process due to the constitutional protections enjoyed by members of the judiciary, but Velchev has shown every intention of following through. The next step must be putting a rejuvenated Service to work against crime bosses and corrupt politicians, a move that will force put him at odds with some powerful political and economic interests. Not coincidentally, Velchev, like Kalfin, came to his job directly from the Office of the President. Kalfin may therefore have some useful insights into the thinking of his former colleague.

¶6. (C) Bulgarian officials also expect that this week will see the final hearing in the re-trial of the five Bulgarian nurses accused of spreading the HIV virus in Libya (ref B). A verdict is expected roughly three weeks later, adding to the convergence of "hot-button" domestic and foreign-policy issues faced by the GOB this fall. Kalfin will appreciate your private reiteration of our support and willingness to continue holding Libya's feet to the fire.

¶7. (C) Finally, you may wish to raise the issue of energy security, perhaps using your recent meetings in Kiev as a segue. Bulgaria gets about 85 percent of its energy from Russia. At the risk of oversimplifying a complex web of sometimes competing, sometimes overlapping interests, the struggle in Bulgaria seems to be between those who would guarantee Bulgaria's energy security by diversifying its sources of supply and those who would do so by strengthening the "special relationship" with Russia in the energy sector. The latter camp is personified by Energy and Economy Minister Rumen Ovcharov, while Kalfin's views appear more similar to our own. While the upcoming tender for a new nuclear plant at Belene seems to be tilting in Moscow's favor, the Bulgarians can "diversify" the choice by selecting Westinghouse for the instrumentation and control part of the project, a point you should make to Kalfin.

BEYRLE